Tarsus Group plc

Final results for year ended 31 December 2017

Record performance in 2017 - next phase of strategy set to deliver further growth

Tarsus Group plc (LSE: TRS, "Tarsus" or "the Group"), the international business-to-business media group, announces its results for the year ended 31 December 2017.

2017 saw the culmination of Tarsus’ "Quickening the Pace" (QTP) strategy which delivered another year of strong performance. The Group saw like-for-like revenue growth of 7% over the year (at constant exchange rates) and across the portfolio buyers also increased by 7% on a like-for-like basis.

Financial results

	2017	**2016**	**2015**
Revenue (£m)	117.7	68.4	86.9
Like-for-like* revenue growth	7%	8%	10%
EBITDA (£m)	44.9	22.0	28.7
Operating profit	33.6	14.7	24.5
Adjusted profit before tax* (£m)	40.2	19.2	26.3
Profit before tax (£m)	27.9	8.6	19.1
Adjusted EPS* (pence)	27.7	15.2	21.4
Basic EPS (pence)	21.5	6.9	14.4
Dividend (pence)	10.0	9.1	8.4
Net debt (£m)	84.8	69.5	43.8

Financial highlights

- Revenue of £117.7m up 35% against 2015
- Group like-for-like revenues* up 7%
- Adjusted profit before tax of £40.2m up 53% against 2015 (statutory profit before tax £27.9m up 46%)
- Adjusted earnings per share of 27.7p up 29% against 2015 (statutory earnings per share 21.5p up 49%)
- Proposed final dividend of 7.0p per share - total for year up 10% to 10.0p
- Banking facilities increased to £126m with interest rates fixed

Operational highlights

- Buyer/visitor growth across the portfolio of 7%, more than double the industry average
- Strong performances from leading events
- Recent acquisitions of Connect, Hometex and Intex all performed well
- 28 brand replications launched
- JV in Mexico expanded through acquisition of remaining nine E J Krause Mexico events

Current trading and outlook

- Next phase of Quickening the Pace strategy launched

- Trading off to a good start in 2018

- Forward bookings for 2018 on a like-for-like basis currently ahead of the Group's target range (adjusted for biennials and acquisitions)

- Well positioned to deliver another strong performance in 2018

Douglas Emslie, Group Managing Director of Tarsus, commented:

"2017 was a record year for Tarsus. It saw the culmination of the first phase of our Quickening the Pace strategy, which over the past few years has transformed the business and produced strong returns for our shareholders.

"The Group has grown significantly, both organically and through carefully targeted acquisitions and over the next four years of our strategy we will build further on the strong foundations we have laid down.

"Our growth ambitions are supported by the global industry outlook and enhanced by our own focus on deepening our presence in higher-growth markets, maximising the scale of our events and delivering high-quality buyers.

"2018 is off to a good start, with forward bookings currently ahead of our target range. Whilst we continue to be mindful of geopolitical uncertainty, the outlook for the year is good, and we proceed with confidence".

For further information contact:

Tarsus Group plc:

Douglas Emslie, Group Managing Director 020 8846 2700

Dan O'Brien, Group Finance Director

Neville Harris, Investor Relations 07909 976 044

The Company will be hosting a presentation to analysts at 11.30am today at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose St, London EC2A 2EG. The presentation will be made available on Tarsus' website (www.tarsus.com) from 9.30am on 1 March 2018.

Glossary*

Adjusted profit before tax:

Profit before tax adjusted for share option charges, amortisation of intangible assets arising from business combinations, taxation on joint venture profits, unwinding of discount charges, changes in fair value of contingent consideration and put/call liabilities and acquisition related costs.

EBITDA:

Calculated using adjusted profit before interest, tax, depreciation and amortisation charges arising from business combinations.

Adjusted EPS:

Calculated on profit after tax attributable to ordinary shareholders adjusted for share option charges, amortisation of intangible assets arising from business combinations, unwinding of discount charges, changes in fair value of contingent consideration and put/call liabilities, acquisition related costs and the related taxation impact along with the abnormal impact of tax legislative changes, and the diluted weighted average number of ordinary shares in issue during the period.

Pro-forma revenue:

Revenue excluding any disposals made in the year and including Group's share of any revenues recorded in joint venture companies not consolidated.

Like-for-like revenue:

Pro-forma revenue at constant exchange rates adjusted for biennial events, adjusting for acquisitions impacting for the first time in 2017, prior year disposals and non-recurring products and items.

Buyer Growth:

Buyers adjusted for biennial events, prior year disposals and non-recurring products and items.

See note 3 for a reconciliation showing the impact of adjusting items.

Strategic overview

2017 was a landmark year for Tarsus, which saw a record performance and the culmination of the first phase of the Group's "Quickening the Pace" strategy.

Launched in 2013, this strategy had one over-riding ambition: to accelerate the pace of financial returns to shareholders. This was to be achieved through two initiatives. First, by driving organic growth from the existing portfolio, replications and by increasing buyer attendance. Second, by making strategic acquisitions in selected high-growth geographies.

To execute the strategy Tarsus re-shaped its portfolio significantly and moved into fast-growing economies. In addition to the US and China – the world's largest exhibition markets – the Group's selected territories now comprise Mexico, South East Asia, Turkey and the Middle East (principally Dubai).

Tarsus targets not only high-growth geographies but also high-growth industries where technological innovation or substantial investment is driving growth.

Between 2013 and 2017, the first phase of the strategy delivered average revenue growth of 9% per annum, average buyer growth of 8% per annum and average adjusted earnings per share growth of 9% per annum. We have also driven a fundamental shift in the shape of Tarsus' business, in terms of where it operates, the business verticals that it serves and the overall scale of the Group. We have grown the number of events held from 65 to 153 over the five-year period, through a combination of acquisition and new launches. Total shareholder return over the period was 111%, approximately 50% better than our peer group.

2018 sees the launch of the next phase of the Quickening the Pace strategy – "QTP2: driving scale and momentum". The Group will deepen its presence in higher growth markets; look to maximise the scale of existing events; and acquire new platforms for growth. A key part of this will be continued investment in the Tarsus replication programme, which spreads the success of the Group's leading brands around the world.

The ability to deliver the strategy successfully is dependent on a number of factors, but two in particular are key:

First, the Group will continue to take an entrepreneurial approach towards developing its portfolio. Around the world, exhibition markets are consolidating, with high-quality assets in great demand. In this context, Tarsus' flexibility and willingness to work in partnership with vendors is increasingly seen by the Group as a point of differentiation from our competitors. Rather than seeking to impose a blue-print from above, we look for dynamic entrepreneurs to partner with in order to build a business together. This gives the Group an edge in acquiring the most promising new assets.

Second, the Group will continue to focus relentlessly on improving the experiences of its exhibitors and buyers. For Tarsus, everything depends on the user experience; the front line leads directly to the bottom line. Therefore attracting high-quality buyers will continue to be a priority – and with an industry-leading record in buyer growth, the Group is confident it can continue to drive up volumes.

To measure the success of this next phase of its strategy through to 2021, the Group has set itself three Key Performance Indicators: growth of 5% to 10% per annum in like-for-like revenue growth, buyer growth and earnings per share growth.

Financial results

The financial results for the year ended 31 December 2017 were in line with the Board's expectations. Group revenues for the full year were £117.7m (2016: £68.4m), up 35% on a biennial basis (2015: £86.9m). Like-for-like revenues, at constant exchange rates, increased by 7%.

Group adjusted profit before tax was £40.2m (2016: £19.2m), up 53% on a biennial basis (2015: £26.3m). Net interest expense of £4.2m (2016: £2.4m) reflected increased debt levels in 2017 as a result of acquisitions made during 2016 and 2017. Reported profit before tax was £27.9m (2016: £8.6m).

The Group incurred an amortisation charge of £8.4m (2016: £6.9m).

The adjusted tax charge of £6.3m (2016: £2.9m) represents 16% (2016: 15%) of the Group's adjusted profit before tax. The reported tax charge is £1.1m (2016: £0.7m).

Adjusted earnings per share were 27.7p (2016: 15.2p), 29% up on a biennial basis (2015: 21.4p). Basic earnings per share for 2017 were 21.5p (2016: 6.9p).

The Group continued to deliver strong operating cash conversion, with £36.5m of cash generated from operations during the year (2016: £15.8 and 2015: £22.4m). The Group's net debt as at 31 December 2017 was £84.8m (2016: £69.5m) the increase during the year resulting from acquisitions made in the period.

Reflecting the strong financial performance during 2017, the Tarsus Board is proposing a final dividend of 7.0p per share, bringing the total for the year to 10.0p per share (2016: 9.1p per share), an increase of 10%. This proposed rise is the seventh consecutive year of increases to the dividend and represents a compound annual growth rate of 8%.

The final dividend, subject to shareholder approval, will be paid on 12 July 2018 to shareholders on the Register of Members on 1 June 2018. A scrip dividend will continue to be offered to Shareholders as an alternative.

Corporate activity

Two acquisitions were completed during the year:

In January 2017, Tarsus acquired a 65% interest in Hometex, the leading bi-annual home textiles exhibition based in Shenzhen, China. The home furnishings market is now the fourth highest sector of family consumption in China, and Guangdong province itself accounts for more than 50% of the Chinese home furnishing market by value. Hometex takes place bi-annually in the spring and autumn. The spring edition, the larger of the two events, occupies all of the available venue capacity and there is a currently a waiting list for this event.

In September 2017, Tarsus' 50% owned joint venture in Mexico acquired a further nine events from EJ Krause, resulting in the JV now owning all of EJK Mexico's event portfolio. These new events include industry-leading brands such as Mexico Wind Power (energy), Green Expo (environmental energy and waste), EBIO (beauty and cosmetics), Intertraffic (traffic and road infrastructure) and Expo Produccion (textiles). The JV also provides a platform for Tarsus to continue to launch new replications, drawing on the Group's existing major brands. This has already seen the successful launch of GESS (launched 2015) and Airport Solutions (2017) into Mexico. This transaction will result in the JV being the largest international exhibition company in Mexico, a relatively fragmented but high-growth emerging market, with both domestic and international growth angles.

Operating Review

Americas

(£m)	**2017**	**2016**	**2015**
Biennial revenue	-	6.8	-
Annual revenue	46.2	31.3	26.0

Total revenue	46.2	38.1	26.0
Adjusted profit before tax	20.0	17.1	11.4

Connect

Connect – purchased at the end of 2016 – performed in line with expectations, with the business making good strategic progress in terms of both expansion into new verticals and new launches. A total of 23 events were held and the main event, Connect marketplace (held in New Orleans this year) produced a very strong result.

Medical

The Medical division as a whole continued on its growth path in 2017. The Group's established anti-aging events again performed well with a particularly strong showing at the Las Vegas event in December. PAINWeek had another good year and while both South Beach Symposium (oncology) and the Cardiometabolic Health Congress continued to be adversely affected by weaker drug pipelines, the outlook for both in 2018 is improving.

Offprice

The Las Vegas event produced another solid performance across its two showings in 2017.

Mexico

There was a strong performance from Expo Manufactura (manufacturing) and Plastimagen (plastics) and bookings for 2018 are strong. The events acquired during the year as part of the Group's joint venture with EJ Krause all performed in line with the acquisition case. Two replications were also held and both did well.

EMEA

(£m)	**2017**	**2016**	**2015**
Biennial revenue	35.5	3.7	32.7
Annual revenue	12.6	13.7	12.0
Total continuing revenue	**48.1**	**17.4**	**44.7**
Discontinued#	-	-	4.9
Total revenue	48.1	17.4	49.6
Adjusted profit before tax (continuing)	**17.2**	**2.1**	**15.3**
Discontinued#	-	-	0.4
Total Adjusted profit before tax	17.2	2.1	15.7

 # French operations sold in 2015

Dubai

The biennial Dubai Airshow produced an excellent result, with record revenues and trade visitors to the show up by 7%. Exhibitor orders announced also reached an impressive $113.8 billion. Importantly, the Group extended its agreement with the Dubai Airports Corporation in respect of the event until 2027.

Tarsus' education event GESS produced a solid performance and - having launched into both Mexico City and Jakarta in the last two years - it further extended its reach with a launch into Turkey in October 2017. The smaller aerospace events portfolio also performed well.

Europe

The biennial Labelexpo Europe extended its long track record of growth with another record edition in 2017. Supported by the addition of an extra hall, and over 200 new product launches, buyer numbers rose by 6%. There has already been a strong rebook (84%) for the next edition in 2019.

Turkey

Against a difficult political background at the start of the year, a number of first-half events saw weaker revenues compared to 2016. As the year progressed trading improved. The larger second half events all produced performances ahead of 2016. So far 2018 trading in Turkey is following a similar pattern.

Asia

(£m)	**2017**	**2016**	**2015**
Biennial revenue	2.4	1.0	1.8
Annual revenue	21.0	11.8	9.4
Total revenue	23.4	12.8	11.2
Adjusted profit before tax	9.8	4.8	3.3

China

The Group's exposure to China – the world's second largest exhibition market – has steadily increased in recent years and is a market in which Tarsus seeks to deepen its exposure. In order to take advantage of the transition occurring in the country's economic growth and demographics, the Group is focusing on internal markets led by consumer demand. The aim is also to create further scale in China's key cities of Shanghai and Shenzhen. This will be aided in the medium-term by significant new capacity coming on stream in Shenzhen, which is expected to provide a platform for further growth.

Overall, the portfolio performed in line with the Group's expectations in 2017. Hometex and Intex were both successfully bedded in. The biennial Labelexpo Asia grew strongly, achieving a record result. SIUF, Asia's largest underwear show, again performed well with buyer growth of 13%. AAITF showed good growth with overseas buyer numbers up by 20%. Hope, the Group's Central China division, continued to perform well with like-for-like revenues ahead of 2016.

South East Asia

The overall portfolio performed well, with nine new replications launched in the region. In Indonesia, the established IIICE (Infrastructure) event, achieved good buyer attendance.

Central costs

(£m)	**2017**	**2016**	**2015**
Central costs (before interest and tax)	2.5	2.4	2.1
Interest	4.2	2.4	2.0

Central costs have remained flat as the Group retains tight controls.

Outlook

Trading for the first two months of 2018 has been in line with management's expectations. We have made a good start to 2018 in the US and China in addition to particularly pleasing performances in Dubai and Mexico.

Bookings are currently ahead of our target range. We have launched the next phase of the Group's strategy and are focused on maximising the scale of our existing events and driving momentum in new markets. Though we are mindful of geopolitical uncertainty, we believe the fundamentals of the Tarsus strategy promise another year of good progress.

Neville Buch, Chairman
Douglas Emslie, Group Managing Director
28 February 2018

Financing

The geographical composition of Tarsus' international event portfolio means that revenues and profits are generated in a range of currencies, principally US Dollars, Chinese Renminbi, Euros, Turkish Lira and Sterling. In 2017 approximately 58% of pro-forma revenues were generated in US Dollars, 21% in Chinese Renminbi, 10% in Sterling and 7% in Turkish Lira. As a result of the Group's currency composition, Sterling translated trading results are significantly affected by any changes in prevailing exchange rates during the year. The average exchange rates applicable were:

	2017	**2016**	**2015**
US $	1.30	1.30	1.50
Chinese Renminbi	8.72	9.43	9.25
Turkish Lira	4.75	3.95	4.20

Cash flows

Tarsus continues to generate strong cash flows from its operations. The larger events in the Group's portfolio typically have a positive working capital cycle and the business in general has a low capital investment requirement.

The biennial nature of the Group's event portfolio results in an increase in working capital (excluding cash) in odd years (including 2017) which include the Group's two largest events. This occurs as deferred income relating to these events is released from the Statement of Financial Position which has been built up over the 2 year cycle ahead of the events taking place this year. During 2017, cash generated from operations was £36.5m (2016: £15.8m and 2015: £22.4m).

The key non-operating cash flows in 2017 included:

- Dividends paid of £9.9m
- Contingent consideration payments totalling £5.8m
- Tax and interest paid totalling £5.2m
- Acquisition of Hometex for £16.4m
- Acquisition of joint venture interests for £5.5m
- Share purchases by Employee Benefit Trust £0.6m

Net debt

The Group's funding objective is to ensure that the business has sufficient resources, secured on competitive terms, to meet its various financial commitments as they arise. It achieves this objective by actively monitoring its cash flows and requirements on both an historic and forward looking basis. The Group is cautious in its approach, applying appropriate sensitivities to both the quantum and timing of its projections. The Group has a medium term gearing target of 1.5-2.0 x net debt/EBITDA across its two year earnings cycle.

In July 2017 Tarsus' external bank debt facility of £111m was extended to £126m and remains in place until December 2020. At 31 December 2017 95% were of borrowings were denominated in Sterling with the remainder in US Dollars. The Group has entered into interest rate swaps to fix the interest rates payable under its banking facilities.

The Group's net debt was £84.8m at 31 December 2017 (31 December 2016: £69.5m).

Net assets

As at 31 December 2017 the Group had net assets of £75.7m (31 December 2016: £71.6m).

Intangible assets

Intangible assets comprise goodwill, trademarks and customer lists. The carrying value of intangible assets at 31 December 2017 was £188.3m (31 December 2016: £186.8m).

Working capital

It is the Group's policy to recognise profits upon the completion of an event. Until completion, revenues and costs are held on the Statement of Financial Position. Included in net current liabilities as at 31 December 2017 is deferred income of £38.0m (2016: £35.8m; 2015: £24.1m). Prepaid event costs of £7.9m (2016: £7.9m; 2015: £4.8m) are included in Trade and Other Receivables.

Adjusted Results

Adjusted results are presented in addition to statutory results as these are the measures the Board uses to manage the operating performance of the Group. The categories of adjusting items are consistent with prior years and many of the items are consistent with our peer group, aiding comparability across the sector, as well as our year on year performance.

Reconciliation of Profit before taxation to adjusted profit before tax

£'m	**2017**	**2016**
Profit Before Tax	27.9	8.6
Operating items		
Amortisation of acquired intangibles	6.8	5.3
Acquisition and potential acquisition costs	2.0	2.1
Share Option Charge	2.6	2.2
Changes in fair value of put/call options and contingent consideration	(2.2)	(4.1)
Tax on Joint Venture profits	1.6	1.1
Other	0.1	0.3
Financing Items		
Unwinding of discount	1.4	3.7
Adjusted Profit before tax	**40.2**	**19.2**

Dan O'Brien
Group Finance Director
28 February 2018

CONSOLIDATED INCOME STATEMENT

	Note	Year to 31 December 2017 Adjusted £000	Adjusting items * £000	Statutory £000	Year to 31 December 2016 Adjusted £000	Adjusting items * £000	Statutory £000
Group revenue	2	**117,660**	**-**	**117,660**	68,358	-	68,358
Operating costs		**(78,981)**	**(9,178)**	**(88,159)**	(51,178)	(5,762)	(56,940)
Share of profit of joint ventures		**5,723**	**(1,647)**	**4,076**	4,427	(1,144)	3,283
Group operating profit		**44,402**	**(10,825)**	**33,577**	21,607	(6,906)	14,701
Net finance costs		**(4,234)**	**(1,441)**	**(5,675)**	(2,427)	(3,699)	(6,126)
Profit before taxation		**40,168**	**(12,266)**	**27,902**	19,180	(10,605)	8,575
Taxation expense	4	**(6,331)**	**5,247**	**(1,084)**	(2,899)	2,170	(729)
Profit for the financial year		**33,837**	**(7,019)**	**26,818**	16,281	(8,435)	7,846
Profit for the financial period attributable to equity shareholders of the parent company		**31,184**	**(7,019)**	**24,165**	15,526	(8,435)	7,091
Profit for the financial period attributable to non-controlling interests		**2,653**	**-**	**2,653**	755	-	755
		33,838	**(7,019)**	**26,818**	16,281	(8,435)	7,846

	Note	Adjusted	Statutory	Adjusted	Statutory
Earnings per share (pence)	6				
- basic		27.7	21.5	15.2	6.9
- diluted		27.6	21.4	15.1	6.9

	Note	£000	£000
Dividends	5		
Equity - ordinary			
Final 2016 dividend paid		7,199	5,998
Interim 2016 dividend paid		2,749	2,530
Minority dividend paid		793	470
		10,741	8,998

*see note 3 for adjusting items

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to 31 December 2017 £000	Year to 31 December 2016 £000
Profit for the financial year	26,818	7,846
Other comprehensive income/(expense):		
Cash flow hedge reserve - movement in fair value	810	(1,354)
Foreign exchange translation differences	(14,756)	11,584
Other comprehensive (expense)/income	(13,946)	10,230
Total comprehensive income for the year	12,872	18,076
Attributable to:		
Equity shareholders of the parent company	10,082	17,364
Non-controlling interests	2,790	712
Total comprehensive income for the year	12,872	18,076

Other comprehensive income relating to foreign exchange translation differences, fair value movements in cash flow hedges and the tax effects thereon may all subsequently be reclassified to profit and loss if certain conditions are met.

The amounts above are presented net of tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2017 £000	As at 31 December 2016 £000
NON-CURRENT ASSETS			
Property, plant and equipment		1,082	1,355
Intangible assets		188,344	186,813
Investment in Joint Ventures		38,490	34,281
Other investments		-	1
Deferred tax assets		3,003	3,224
		230,919	225,674
CURRENT ASSETS			
Trade and other receivables		44,452	33,420
Cash and cash equivalents	7	22,373	15,946
		66,825	49,366
CURRENT LIABILITIES			
Trade and other payables		(36,457)	(33,357)
Deferred income		(37,993)	(35,790)
Provisions		(120)	(165)
Liabilities for current tax		(3,155)	(692)
		(77,725)	(70,004)
NET CURRENT LIABILITIES		(10,900)	(20,638)
TOTAL ASSETS LESS CURRENT LIABILITIES		220,019	205,036
NON-CURRENT LIABILITIES			
Other payables		(27,981)	(38,716)
Deferred tax liabilities		(10,059)	(10,881)
Interest bearing loans and borrowings	7	(106,239)	(83,800)
		(144,279)	(133,397)
NET ASSETS		75,740	71,639
EQUITY			
Share capital		5,654	5,637
Share premium account		73,303	72,304
Other reserves		(19,701)	(5,618)
Retained profit/(loss)		11,914	(3,047)
Issued capital and reserves attributable to equity shareholders of the parent		71,170	69,276
NON-CONTROLLING INTERESTS		4,570	2,363
TOTAL EQUITY		75,740	71,639

The financial statements of Tarsus Group plc, registered number 101579 (Jersey), were approved by the board and authorised for issue on 28 February 2018 and signed on its behalf by:

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year to 31 December 2017 £000	Year to 31 December 2016 £000
Cash flows from operating activities			
Profit for the year		26,818	7,846
Adjustments for:			
Depreciation		511	387
Amortisation & Impairment		8,418	6,918
Other gains		(2,967)	(4,445)
Loss on disposal of tangible assets		3	5
Share option charge		2,598	2,234
Taxation charge	4	1,084	729
Interest payable		5,675	6,126
Share of joint venture profits		(4,076)	(3,283)
Dividend received from joint venture company		4,295	957
Operating cash flow before changes in working capital		42,359	17,474
Increase in trade and other receivables		(11,283)	(2,079)
Increase in trade and other payables		5,330	525
Increase/(decrease) in provisions		53	(106)
Cash generated from operations		36,459	15,814
Interest paid		(3,991)	(2,401)
Income taxes paid		(1,184)	(711)
Net cash from operating activities		31,284	12,702
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		36	-
Acquisition of property, plant & equipment		(304)	(232)
Acquisition of intangible fixed assets		(831)	(687)
Acquisition of subsidiaries - cash paid		(16,378)	(36,332)
Acquisition of joint venture - cash paid		(5,481)	(6,130)
Proceeds on disposal of business		-	1,536
Acquisition of subsidiaries - cash acquired		-	459
Deferred and contingent consideration paid		(5,800)	(4,943)
Put call option liability paid		(5,573)	(4,392)
Net cash outflow from investing activities		(34,331)	(50,721)
Cash flows from financing activities			
Drawdown of borrowings		22,546	29,450
Bank facility fees		(187)	(305)
Proceeds from the issue of share capital		-	24,094
Purchases for employee benefit trust		(553)	(1,077)
Dividends paid to shareholders in parent company		(9,901)	(8,474)
Dividends paid to non-controlling interests in subsidiaries		(793)	(417)
Costs of shares issued		-	(719)
Net cash inflow / (outflow) from financing activities		11,112	42,552
Net increase / (decrease) in cash and cash equivalents		8,065	4,533
Opening cash and cash equivalents		15,946	10,693
Foreign exchange movements		(1,638)	720
Closing cash and cash equivalents	16	22,373	15,946

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital Account £000	Share Premium Reserve £000	Other Reserves: Reorganisation Reserve* £000	Other Reserves: Capital Redemption Reserve £000	Other Reserves: Fair Value Reserve £000	Other Reserves: Foreign Exchange Reserve £000	Retained Earnings £000	Non-Controlling Interests £000	Total £000
As at 1 January 2017		5,637	72,304	6,013	(443)	(2,434)	(8,754)	(3,047)	2,363	71,639
Recognised foreign exchange gains for the period		-	-	-	-	-	(14,893)	-	137	(14,756)
Profit for the period:										
– Attributable to equity shareholders		-	-	-	-	-	-	24,165	-	24,165
– Attributable to non-controlling interests		-	-	-	-	-	-	-	2,653	2,653
Cash flow hedge reserve		-	-	-	-	810	-	-	-	810
Total comprehensive income / (expense) for the period		-	-	-	-	810	(14,893)	24,165	2,790	12,872
Scrip dividend		1	49	-	-	-	-	-	-	50
New share capital subscribed		16	950	-	-	-	-	-	-	966
Share option charge		-	-	-	-	-	-	2,281	-	2,281
Movement in reserves relating to deferred tax	4	-	-	-	-	-	-	499	-	499
Other movements in reserves		-	-	-	-	-	-	(2,036)	-	(2,036)
Dividend paid	5	-	-	-	-	-	-	(9,948)	-	(9,948)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	(793)	(793)
Non-controlling interests arising on acquisition		-	-	-	-	-	-	-	210	210
Net change in shareholders' funds		17	999	-	-	810	(14,893)	14,961	2,207	4,101
As at 31 December 2017		5,654	73,303	6,013	(443)	(1,624)	(23,647)	11,914	4,570	75,740

	Notes	Share Capital Account £000	Share Premium Reserve £000	Other Reserves: Reorganisation Reserve £000	Other Reserves: Capital Redemption Reserve £000	Other Reserves: Fair Value Reserve £000	Other Reserves: Foreign Exchange Reserve £000	Retained Earnings £000	Non-Controlling Interests £000	Total £000
At 1 January 2016		5,091	48,280	6,013	(443)	(1,080)	(20,381)	(1,972)	4,424	39,932
Recognised foreign exchange losses for the period		-	-	-	-	-	11,627	-	(43)	11,584
Profit for the period:										
– Attributable to equity shareholders		-	-	-	-	-	-	7,091	-	7,091
– Attributable to non-controlling interests		-	-	-	-	-	-	-	755	755
Cash flow hedge reserve		-	-	-	-	(1,354)	-	-	-	(1,354)
Total comprehensive income / (expense) for the period		-	-	-	-	(1,354)	11,627	7,091	721	18,076
Scrip dividend		1	53	-	-	-	-	-	-	54
New share capital subscribed		545	24,782	-	-	-	-	-	-	25,327
Cost of shares issued		-	(811)	-	-	-	-	-	-	(811)
Share option charge		-	-	-	-	-	-	1,896	-	1,896
Movement in reserves relating to deferred tax	4	-	-	-	-	-	-	(829)	-	(829)
Other movements in reserves		-	-	-	-	-	-	(1,582)	-	(1,582)
Dividend paid	5	-	-	-	-	-	-	(8,528)	-	(8,528)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	(470)	(470)
Purchase of non-controlling interests		-	-	-	-	-	-	2,240	(2,240)	-
Written Put/Call options over non-controlling interests		-	-	-	-	-	-	(1,363)	-	(1,363)
Non-controlling interests arising on acquisition		-	-	-	-	-	-	-	(63)	(63)
Net change in shareholders' funds		546	24,024	-	-	(1,354)	11,627	(1,075)	(2,061)	31,707
As at 31 December 2016		5,637	72,304	6,013	(443)	(2,434)	(8,754)	(3,047)	2,363	71,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The results for the year ended 31 December 2017 have been prepared using accounting policies and methods of computation consistent with those used in the Group's annual report for the year ended 31 December 2016. The results have also been presented and prepared in a form consistent with that which will be adopted in the Group's annual report for the year ended 31 December 2017 and in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the European Union.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2017 or 2016 but is derived from those accounts. Statutory accounts for 2016 have been delivered to the Jersey Financial Services Commission Companies Registry. Those for the year ended 31 December 2017 will be delivered following the Company's Annual General Meeting on 21 June 2018.

This financial information has been extracted from the Group's Annual Report and Accounts for the year ended 31 December 2017. The auditors have reported on these accounts; their reports were unqualified, did not draw attention to any matters by the emphasis without qualifying their report and did not contain statements under s.113B(3) or (4) Companies (Jersey) Law 1991 or equivalent preceding legislation. The Group intends to publish its 2017 Annual Report and Accounts in March 2018.

2. SEGMENTAL ANALYSIS

As at 31 December 2017, the Group was organised into three main segments – EMEA, Americas, and Asia. The main activities of all segments are the production of exhibitions supported by other media activities related to those exhibitions.

The following table sets out the revenue and profit information and certain asset and liability information for the Group's reportable segments:

	31 December 2017				
Revenue by sector	**Americas £'000**	**Asia £'000**	**EMEA £'000**	**Central Costs £'000**	**Group £'000**
Group revenue from continuing operations	46,247	23,357	48,056	-	117,660
Profit/(loss) from operating activities	19,989	9,757	17,154	(13,323)	33,577
Net financing costs	-	-	-	(5,675)	(5,675)
Profit/(loss) before taxation	19,989	9,757	17,154	(18,998)	27,902
Total adjusting items - note 3	-	-	-	12,266	12,266
Adjusted profit/(loss) before tax *	19,989	9,757	17,154	(6,732)	40,168
Segment non-current assets	114,630	71,266	42,020	-	227,916
Segment current assets	17,648	20,253	28,924	-	66,825
	132,278	91,519	70,944	-	294,741
Deferred tax assets					3,003
Total assets					297,744
Segment liabilities	(39,580)	(25,887)	(143,323)	-	(208,790)
Liabilities for current tax					(3,155)
Deferred tax liabilities					(10,059)
Total liabilities					(222,004)

* Includes JV profit before tax of £2.2m in Americas and £3.5m in Asia.

Revenue by sector	Americas £'000	Asia £'000	31 December 2016 EMEA £'000	Central Costs £'000	Group £'000
Total Revenue	38,122	12,818	17,418	-	68,358
Profit/(loss) from operating activities	17,088	4,804	2,144	(9,335)	14,701
Net financing costs	-	-	-	(6,126)	(6,126)
Profit/(loss) before taxation	17,088	4,804	2,144	(15,461)	8,575
Total adjusting items - note 3	-	-	-	10,605	10,605
Adjusted profit/(loss) before tax *	17,088	4,804	2,144	(4,856)	19,180
Segment non-current assets	126,763	47,254	48,433	-	222,450
Segment current assets	13,546	8,060	27,760	-	49,366
	140,309	55,314	76,193	-	271,816
Deferred tax assets					3,224
Total assets					275,040
Segment liabilities	(36,588)	(21,755)	(133,485)	-	(191,828)
Liabilities for current tax					(692)
Deferred tax liabilities					(10,881)
Total liabilities					(203,401)

* Includes JV profit before tax of £1.3m in Americas and £3.1m in Asia.

3. ADJUSTING ITEMS

The following analysis details the adjusting items in the consolidated income statement. Adjusted profit is prepared to provide a better indication of operational financial performance and to reflect how the business is managed and measured on a day to day basis. The adjusted profit excludes share option charges, amortisation of intangible assets arising from business combinations, unwinding of discount charges, changes in fair value of contingent consideration and put/call liabilities, acquisition related costs and the related taxation impact along with the abnormal impact of tax legislative changes.

	Year to 31 December 2017 £000	Year to 31 December 2016 £000
Operating items:		
Operating costs:		
Acquisition and potential acquisition costs	2,009	2,144
Changes in fair value of put/call and contingent consideration	(2,225)	(4,104)
Share option charge	2,598	2,234
Other	2	184
Amortisation charge (excluding amounts charged to costs of sale)	6,794	5,304
Total adjusting items in operating costs	9,178	5,762
Tax on joint venture profits	1,647	1,144
Total adjusting items in operating profit	10,825	6,906
Finance item - Unwinding of discount	1,441	3,699
Adjusting items before tax	12,266	10,605
Taxation:		
Tax on joint venture profits	(1,648)	(1,144)
Tax relating to adjusting items	(1,161)	(1,026)
Impact of tax law changes	(2,438)	-
	(5,247)	(2,170)
Total adjusting items	7,019	8,435

4. INCOME TAX EXPENSE

	2017 £000	2016 £000
Corporation tax:		
Overseas tax on profits for the period	2,790	1,236
Adjustments to overseas corporation tax in respect of previous periods	431	(269)
Current tax charge for the period	3,221	967
Deferred tax:		
Origination and reversal of timing differences	(1,725)	215
Adjustment in respect of previous periods (tax losses recognised)	7	(8)
Adjustments in respect of previous periods (timing difference recognised)	(419)	(445)
Total deferred tax	(2,137)	(238)
Tax charge for the year	1,084	729

The tax charge below differs from the tax at the effective rate on the profit for the year. The differences are explained below:

	2017 £000	2016 £000
Profit before taxation	27,902	8,575
Tax on profit on ordinary activities at 25% (2016 - 25%)	6,976	2,144
Effects of:		
Non-deductible expenses / non-taxable income	1,933	(1,133)
Current period losses unrecognised	323	698
Tax effect of share of results of associates	(2,100)	(889)
Impact of US tax reform rate change	(2,438)	-
Effect of tax rates in overseas jurisdictions	(2,872)	165
Over provision in respect of prior periods	(491)	(722)
Recognition of previously unrecognised losses	(588)	(29)
Other items	341	495
Tax on profit on ordinary activities	1,084	729

The impact of US tax reform rate change is created by a one off revaluation of deferred tax liabilities due to the reduction in combined federal and state tax rate from 38% to 26% partially offset by an anticipated charge on unremitted earnings of overseas subsidiaries.

Tax debit recognised directly in equity

	2017 £000	2016 £000
Deferred tax on losses and prepaid expenses	-	(55)
Deferred tax on intangible assets due to foreign exchange movements	44	(1,029)
Deferred tax on unexercised employee share options	455	255
Total tax recognised in equity	499	(829)

5. DIVIDENDS

	2017 £000	2016 £000
Dividend paid in cash or scrip		
2016/2015 interim dividend paid (2.7p / 2.5p per share)	2,749	2,530
2016/2015 final dividend proposed (6.4p / 5.9p per share)	7,199	5,998
	9,948	8,528
Dividend paid and proposed post year end		
2017/2016 interim dividend paid (3.0p / 2.7p per share)	3,372	2,751
2017/2016 final dividend proposed (7.0p / 6.4p per share)	7,869	7,218
	11,241	9,969

An interim dividend of 3.0p per share (2016: 2.7p) was paid on 12 January 2018 to shareholders on the Register of Members of the Company as at 1 December 2017.

The directors announced the proposed final dividend for 2017, of 7.0p per share, on 28 February 2018. Subject to approval at the Annual General Meeting on 21 June 2018, the proposed date of payment is 12 July 2018 to Shareholders on the Register of Members as at 1 June 2018.

Dividends are recognised as a liability in the period in which they are appropriately authorised and are no longer at the discretion of the entity.

6. EARNINGS PER SHARE

	2017 Pence	2016 Pence
Basic earnings per share	21.5	6.9
Diluted earnings per share	21.4	6.9
Adjusted earnings per share	27.7	15.2
Adjusted diluted earnings per share	27.6	15.1

Basic earnings per share
Basic earnings per share has been calculated on profit after tax attributable to ordinary shareholders for the year (as shown on the Consolidated Income Statement) and the weighted average number of ordinary shares in issue during the period (see below table).

Diluted earnings per share
Diluted earnings per share has been calculated on profit after tax attributable to ordinary shareholders for the year (as shown on the Consolidated Income Statement) and the diluted weighted average number of ordinary shares in issue during the period (see below table):

Adjusted earnings per share
Adjusted earnings per share is calculated using adjusted profit after tax as reconciled in note 3 and the weighted average number of ordinary shares (as above) in issue in the year.

Adjusted diluted earnings per share
Adjusted diluted earnings per share is calculated using adjusted profit after tax as reconciled in note 3 and the weighted average number of diluted ordinary shares (as above) in issue in the year.

Weighted average number of ordinary shares (diluted):

	2017 Number	2016 Number
Weighted average number of ordinary shares	112,410,537	102,353,366
Dilutive effect of share options	415,521	739,494
Weighted average number of ordinary shares (diluted)	112,826,058	103,092,860

Dilutive and anti-dilutive share options were determined using the average closing price for the period. The average share price used was 293.01 pence.

7. OVERDRAFTS AND OTHER INTEREST-BEARING LOANS AND BORROWINGS

	2017 £000	2016 £000
Two to five years		
Bank loans	106,239	83,800
Total financial liabilities	106,239	83,800
Cash balances	(22,373)	(15,946)
Net financial liabilities and cash balances	83,866	67,854
Capitalised bank fees	(676)	(848)
Fair value of foreign exchange forwards	-	23
Fair value of interest rate swaps	1,624	2,434
Net debt	84,814	69,463

The bank loans are secured by a fixed and floating charge over the undertakings and property of certain subsidiaries. The parent and subsidiaries also act as guarantors for the loans.

	2017 £000	2016 £000
Current liabilities		
Secured bank loans	-	-
Non-current liabilities		
	106,239	83,800
Total financial liabilities	106,239	83,800

8. ACQUISITION OF SUBSIDIARY

i) On 18 January 2017, the Group acquired 65% of the share capital of Foshan Huaxia Home Textile Development Co. Ltd ("Hometex"), an exhibition business.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group, in respect of this acquisition:

	Book Value £000	Adjustments £000	Fair value £000
Other intangibles	-	8,293	8,293
Net liabilities	395	(555)	(160)
Deferred liability	-	(2,073)	(2,073)
Net assets acquired	395	5,665	6,060
Goodwill arising on acquisition			17,291
			23,351
Consideration paid and costs incurred:			
Satisfied in cash			19,618
Contingent consideration (less than one year)			3,733
Total consideration incurred			23,351
Consideration paid in cash			19,618
Cash acquired			(3,240)
Total net cash outflow			16,378

Contingent consideration, relates to payments to vendors, payable after completion, that are dependent on the outcome of future events. The contingent consideration is dependent on the financial performance of the exhibitions occurring in 2017.

From the date of acquisition to 31 December 2017, the acquisition has contributed £8.3m of revenue to the Group.

Goodwill of £17.3 million, recognised on this acquisition, relates to certain assets that cannot be separated and reliably measured. These items include sector knowledge, customer loyalty and the anticipated future profitability that the Group can bring to the business acquired. Consistent with other media companies, goodwill makes up a large percentage of the fair value of the acquisition.

The Group incurred transaction costs of £400,000 in respect of the acquisition, which were expensed.

The values used in accounting for the identifiable assets and liabilities and related contingent consideration of this acquisition are estimates and are therefore provisional in nature at the balance sheet date. The non-controlling interest is measured as their proportionate share of the fair value of the net assets.

Consideration paid in cash represents the initial cash payment and the first contingent consideration payment net of cash acquired.

9. GOING CONCERN AND VIABILITY

After considering the current financial projections of the Group and taking into account the cash needs of the business and availability of funds, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they continue to adopt a "going concern" basis in preparing this Statement of Annual Results.

The directors have assessed the viability of the Group over a three year period to December 2020, taking account of the Group's current position and the potential impact of the principal risks documented in note 10. The choice of a 3 year period is aligned with the Board's periodic strategic review and plan – it is also used by the Remuneration Committee to set targets for the long term incentive plan.

The plan makes certain assumptions about the acceptable performance of the underlying portfolio of shows, the availability of venues and future tax and foreign exchange rates.

The directors' assessment considered the resilience of the Group, taking account of its current position including committed financing throughout the period, forward bookings, the principal risks facing the business in severe but reasonable scenarios and the effectiveness of any mitigating actions. This assessment has considered the potential impacts of these risks on the plan, including solvency and liquidity over the period – primarily through reducing revenues and cash-flows in the plan. It has also taken account of the mitigating actions including withholding dividends and reducing launch investments and capex.

Based on this assessment, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2020.

10. PRINCIPAL RISKS AND UNCERTAINTIES

The directors have identified below the principal risks and uncertainties relating to the Group's business. The Board discusses and monitors these risks and has implemented mitigation measures against each one.

Tarsus' events and exhibitions business may be adversely affected by incidents which curtail travel, such as terrorist attacks, higher oil prices or health pandemics

Tarsus' exhibitions businesses contribute in excess of 90% of the Group's revenue. Visitors travel to these shows from around the world. Any incident that curtails travel, such as the 11 September 2001 terrorist attacks in the US, may have an impact on the running of the relevant event and may, therefore, affect reported revenues.

Expansion into new geographic regions subjects the Group to new operating risks

As a result of acquisitions and organic growth, the Group operates in many geographic regions such as China, India, the United Arab Emirates, Turkey, Indonesia and Latin America. Whilst the Group conducts its business on a global scale, growth in these regions presents logistical and management challenges due to different business cultures, laws and languages. This may result in incremental operational risks for the Group.

The ability of the Company to implement and execute its strategic plans depends on its ability to attract and retain the key management personnel required

The Group operates in a number of industry segments in which there is intense competition for experienced and highly qualified individuals. The Group cannot predict the future availability of suitably experienced and qualified people; it places significant emphasis on developing and retaining management talent. Accordingly, the Group has and will continue to implement a number of incentive schemes, to attract and motivate key senior managers. There can be no certainty that such retention policies and incentive plans will be successful in allowing the Company to attract and retain the right calibre of key management personnel.

Fluctuations in exchange rates may affect the reported results

The Group is exposed to movements in foreign exchange rates against Sterling for trading transactions and the translation of the net assets and income statements of overseas operations. The principal exposure is to the US Dollar and Euro exchange rates, which form the basis of pricing for the Group's customers.

Venue availability

Damage to or unavailability of a particular venue could impact specific events within the Group's portfolio. The Group also has key commercial relationships with venues which secure the Group's rights to run its exhibitions in the future.

There are inherent risks and uncertainties in connection with the Group's acquisition strategy

The Group will seek and effect appropriate acquisitions across various geographic regions, consequently exposing the Company to inherent risks and uncertainties associated with such acquisitions. The risks associated with such a strategy include the availability of suitable acquisitions, obtaining regulatory approval for any acquisition, and assimilating and integrating acquired companies into the Group. In addition, potential difficulties inherent in mergers and acquisitions may adversely affect the results of an acquisition. These include delays in implementation or unexpected costs or liabilities, as well as the risk of failing to realise operating benefits or synergies from completed transactions. Nor can there be any certainty that the benefits of acquisitions and strategic investments, including synergies, increased cash flows and other operational benefits, will be realised.

Breaches of the Group's data security systems or other unauthorised access to its databases, intellectual property or information could adversely affect its businesses and operations

The Group has valuable databases and intellectual property and, as part of its businesses, provides its customers with access to database information such as treatises, journals and publications as well as other data. There are persons who may try to breach the Group's data security systems or gain other unauthorised access to its databases in order to misappropriate such information for potentially fraudulent purposes. Due to the rapid change in the nature of these threats to the Group's databases, intellectual property and other information, it may be unable to anticipate or protect against the threat of breaches of data security or other unauthorised access. Such breaches could damage the Group's reputation and expose it to a risk of loss or litigation and possible liability, as well as increase the likelihood of more extensive governmental regulation of these activities in a way that could adversely affect this aspect of the Group's business. Legal actions against the Group could have a material adverse effect on the Group's business, financial condition and results of operations.

Competition

The Group's businesses operate in competitive markets, which continue to evolve in response to technological innovations, legislative and regulatory changes, the entrance of new competitions and other factors. Whilst an event or sectors in a market could have its prospects curtailed by these factors, the breadth of the Group's portfolio, with its geographic and sector diversity, reduces the risk to Tarsus' overall business.

11. RESPONSIBILITY STATEMENT OF THE DIRECTORS

The responsibility statement below has been prepared in connection with the company's full annual report for the year ending 31 December 2017. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

> the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
>
> the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the board of directors for release on 28 February 2018.

The Annual General Meeting will be held at the Writers Room, Radisson BLU Hotel Dublin Airport, Dublin, Ireland on 21 June 2018 at 11.00am.

A copy of this report will also be available on the Group's website at www.tarsus.com.